REMARKS

35 U.S.C. § 101 Rejection

The rejection of claims 1-31 under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter, is respectfully traversed and reconsideration requested. Initially, it is believed that the Examiner intended to indicate claims 1-19, 30 and 31 as being the subject of this ground of rejection as stated in the first Office action, inasmuch as claims 20-29 are directed to a computerized system that is undisputedly directed to statutory subject matter. In this regard, a typographical error in claim 20 as presented in the amendment filed December 16, 2003 is corrected herein. Entry of this amendment is proper since no further consideration or search is required.

The Examiner states that for a claim to be statutory under 35 U.S.C. § 101, the practical application of an idea or algorithm causes a useful, concrete, tangible result, and the claim provides a limitation in the technological art that enables a useful, concrete, tangible result. As support, the Examiner cites to "MPEP Section iV 2(b)," which applicant assumes to be referring to MPEP § 2106 (IV)(B)(2)(b)(ii). However, the MPEP section relied upon does not stand for the proposition expressed in the first Office action that a claimed process which may be performed manually without the use of an electronic communication medium does not involve the "technological arts."

As the MPEP states, "a claim is limited to a practical application when the method, as claimed, produces a concrete, tangible and useful result; i.e., the method recites a step or act of producing something that is concrete, tangible and useful. There is no requirement under United States patent law that a process must be carried out using an electronic medium as alleged by the Examiner. Neither In re Waldbaum, In re Musgrave, In re Johnston, nor In re Toma stands for such proposition. The term technological means "pertaining to or involving technology;" and the term technology means "the application of science, especially to industrial or commercial objectives." Clearly, the "technological arts" is not limited to use of electronic media. To the contrary, the courts have used the term "technological arts" to distinguish over the "theoretical arts" – such as manipulations of abstract ideas or performance of purely mathematical algorithms. The term "technological arts" does not distinguish processes performed on a computer from processes that may be performed manually.

Consequently, even if the Examiner were correct that the steps of claims 1-19, 30 and 31 could be performed manually, they would not be non-statutory as a matter of law. Claims 1-19, 30 and 31 are directed to methods for conducting auctions of financial securities. The result of the claimed methods is that trade orders are executed, and shares of financial securities are exchanged between buyers and sellers, clearly a useful, concrete and tangible result. As such, it is of no consequence whether all, part or none of the steps of the method are carried out on a computer because the method itself produces a concrete, tangible and useful result. See State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1372-75 (Fed. Cir. 1998). Reconsideration and withdrawal of this ground of rejection is again respectfully urged.

35 U.S.C. § 102 Rejection

The continued rejection of claims 1-31 under 35 U.S.C. § 102(e) as being unpatentable over U.S. Patent No. 6,421,653 to May again is respectfully traversed. May is directed to an internet-based trading system, which enables traders to identify bids and offers that they are eligible to trade based on a color coding scheme. The color coding system considers the credit rating of the potential counterparties to the trade, and is intended to be used with trading financial instruments for which the credit rating of parties is an important factor. See the Abstract. May explicitly states that auto-matching of orders is not performed, see col. 33, ll. 31-34, and thus the individual traders necessarily would be the entities matching orders and selecting prices, contrary to the requirements of the claimed invention.

As previously explained, May does not teach any methodology for accepting new or modified orders during an order acceptance period, where selected information regarding orders is transmitted to auction participants during the order acceptance period. May further does not disclose any process for calculating an optimal price at which a maximum number of shares will be traded upon execution of a batch auction. May simply describes the best bid and best ask as the best price. Each bid or offer is color coded to take into consideration credit preferences, etc. May fails to disclose or suggest a method or system for conducting a batch auction of a financial security as disclosed and claimed in the present invention.

The Examiner cites to col. 43, ll. 43-67 of May as allegedly disclosing a methodology for accepting new or modified orders during an order acceptance period. However, the cited passage merely describes the operation of an auction mechanism whereby an auction price is calculated to maximize the volume traded. May does not disclose continuously sending to participants information regarding orders as they are received during an order acceptance period and allowing the participants to modify previously submitted orders only if the modification meets a predetermined set of conditions, as set forth in claim 1.

In conclusion, it is submitted that claims 1-31 define patentable subject matter over the prior art of record, and the issuance of a Notice of Allowance is earnestly solicited.

Please charge any fee or credit any overpayment pursuant to 37 CFR 1.16 or 1.17 to Deposit Account No. 02-2135.

<table>
<tr><td colspan="6">RESPECTFULLY SUBMITTED,</td></tr>
<tr><td>NAME AND
REG. NUMBER</td><td colspan="5">Vincent M. DeLuca
Attorney for Applicants
Registration No. 32,408</td></tr>
<tr><td>SIGNATURE</td><td colspan="2">Vincent M. DeLuca</td><td>DATE</td><td colspan="2">12 AUG 04</td></tr>
<tr><td>Address</td><td colspan="5">Rothwell, Figg, Ernst & Manbeck
1425 K Street, N.W., Suite 800</td></tr>
<tr><td>City</td><td>Washington</td><td>State</td><td>D.C.</td><td>Zip Code</td><td>20005</td></tr>
<tr><td>Country</td><td>U.S.A.</td><td>Telephone</td><td>202-783-6040</td><td>Fax</td><td>202-783-6031</td></tr>
</table>